

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Danvers Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2017
DATE: October 27, 2015

Required Fiscal Year 2017 Appropriation: **\$6,259,936**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2017 which commences July 1, 2016.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2017 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Stone Consulting as part of their January 1, 2014 actuarial valuation.

If your System has a valuation currently in progress, you may submit a revised funding schedule to PERAC upon its completion. The current schedule is/was due to be updated by Fiscal Year 2017.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

JEC/jrl
Attachments

cc: Town Manager
Town Meeting
c/o Town Clerk



Danvers Retirement Board

Projected Appropriations

Fiscal Year 2017 - July 1, 2016 to June 30, 2017

Aggregate amount of appropriation: **\$6,259,936**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2017	\$8,786,528	\$6,259,936	\$0	\$6,259,936	\$6,259,936	\$0	\$2,526,592
FY 2018	\$8,957,532	\$6,760,731	\$0	\$6,760,731	\$6,760,731	\$0	\$2,196,801
FY 2019	\$9,131,955	\$7,326,050	\$0	\$7,326,050	\$7,326,050	\$0	\$1,805,905
FY 2020	\$9,309,867	\$7,354,998	\$0	\$7,354,998	\$7,354,998	\$0	\$1,954,869
FY 2021	\$9,491,338	\$7,639,729	\$0	\$7,639,729	\$7,639,729	\$0	\$1,851,609

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.



DANVERS RETIREMENT SYSTEM BREAKOUTS

Breakouts - Actuarial Basis		Total	Town	Housing Authority	School Lunch	Hospital	Electric	School	Water	Sewer
(1)	Participants									
	Active	469	244	8	13	0	42	136	23	3
	Inactives	79	17	1	1	2	2	53	2	1
	Retirees	369	173	9	16	73	29	57	11	1
	Disabled Retirees	28	23	0	1	1	0	0	2	1
	Total	945	457	18	31	76	73	246	38	6
(2)	Payroll of Active Participants	\$24,485,565	\$15,438,755	\$471,296	\$351,688	\$0	\$3,161,961	\$3,565,162	\$1,355,074	\$141,628
(3)	Normal Cost									
(a)	Total Normal Cost	3,164,384	1,980,123	56,031	44,450	0	515,349	435,645	118,615	14,171
(b)	Expected Employee Contributions	2,199,710	1,375,415	45,749	29,830	0	297,363	313,716	124,227	13,410
(c)	Net Employer Normal Cost	964,674	604,708	10,282	14,620	0	217,986	121,929	(5,612)	761
(d)	Interest on Net Normal Cost	62,147	38,958	662	942	0	14,043	7,855	(362)	49
(e)	Net Employer Normal Cost w Interest	1,026,821	643,666	10,944	15,562	0	232,029	129,784	(5,974)	810
(4)	(a) Active and Inactive Accrued Liability	70,889,498	50,762,867	796,387	1,071,766	62,529	7,662,975	6,191,796	4,091,405	249,772
	(b) Retiree and Disabled Accrued Liability	91,310,279	59,555,586	1,855,580	1,355,646	6,605,938	11,263,363	7,214,947	3,037,984	421,235
	(c) Actuarial Accrued Liability	162,199,777	110,318,453	2,651,967	2,427,412	6,668,467	18,926,338	13,406,743	7,129,389	671,007
(5)	Assets	89,955,182	61,182,061	1,470,767	1,346,230	3,698,299	10,496,452	7,435,312	3,953,924	372,137
(6)	Unfunded Actuarial Accrued Liability (UAAL)	72,244,594	49,136,392	1,181,199	1,081,181	2,970,169	8,429,886	5,971,431	3,175,466	298,870
(7)	Amortization*	4,456,880	3,031,300	72,870	66,700	183,234	520,053	368,387	195,899	18,438
(8)	Net 3(B)(c) payments**	312,536	203,846	6,351	4,640	22,611	38,552	24,695	10,398	1,442
(9)	Total Required Employer Contributions (3e)+(7)+(8)	5,796,237	3,878,812	90,165	86,902	205,845	790,634	522,866	200,324	20,690
(10)	Fiscal 2016 Cost	5,796,237	3,878,812	90,165	86,902	205,845	790,634	522,866	200,324	20,690
(11)	Fiscal 2017 Cost	6,259,936	4,189,117	97,378	93,854	222,313	853,884	564,695	216,350	22,345
(12)	Fiscal 2018 Cost	6,760,731	4,524,246	105,168	101,362	240,098	922,195	609,871	233,658	24,133
(13)	Fiscal 2019 Cost	7,326,050	4,902,555	113,962	109,838	260,175	999,307	660,867	253,196	26,151
(14)	Fiscal 2020 Cost	7,354,998	4,921,927	114,412	110,272	261,203	1,003,256	663,478	254,196	26,254
(15)	Percentage of Total Cost	100.0%	66.9%	1.6%	1.5%	3.6%	13.6%	9.0%	3.5%	0.4%

* Allocated on the basis of Unfunded Accrued Liability

** Allocated on the basis of Retiree and Disabled Accrued Liability